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Item 7 of the provisional agenda

FINANCIAL REGULATIONS

Addendum

Report by the Director-General

Summary

On the basis of additional information received following the issuance of document IDB.16/6-PBC.12/6, contains amendments to the proposals for revised financial regulations presented in that document.

1. The proposed amendments to the financial regulations as contained in document IDB.16/6-PBC.12/6 were reviewed by the Director of External Audit during his visit to UNIDO in September 1996.

2. Following consideration of the comments of the Director of External Audit, amendments are being introduced to the proposals contained in document IDB.16/6-PBC.12/6, as follows.

Financial regulation 3.5 (annex I, page 6)

3. The Secretariat has reconsidered its proposal to introduce a budget rate of exchange in the financial regulations. It is now considered preferable that any proposals to amend the rate of exchange used in the preparation of budget proposals be considered, when required, by the Programme and Budget Committee, rather than being included in the financial regulations.

4. The proposal under regulation 3.5 to introduce a budget rate of exchange is, therefore, withdrawn.

Financial regulation 10.2(c) (annex I, page 15)

5. The proposed amendments to financial regulation 10.2(c) governing the financial reporting responsibilities of the Director-General, as contained in document IDB.16/6-PBC.12/6, have been supplemented to include a reference to all the reports required to conform with the UNIDO practice and the Consultative Committee on Administrative Questions recommendations on United Nations accounting standards.

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6. The proposed financial regulation 10.2(c) would read as follows:

"The Director-General also shall prepare and submit:

(i) A statement of income and expenditure and changes in reserves and fund balances;

(ii) A statement of assets, liabilities, and reserves and fund balances;

(iii) A statement of cash flow;

(iv) A statement of appropriations by major programme;

(v) An analysis of the financial situation of the Organization at the close of the fiscal period;

(vi) Such other information as may be appropriate."